



Compumedics Milestone Breakthrough into Next Generation Sleep Treatment

Melbourne Australia, Thursday, June 28, 2007

Leading Australian based medical diagnostics company, Compumedics Limited (ASX: CMP), has completed a letter of intent to enter into an agreement with Medigas Italia Srl, a subsidiary of Praxair, Inc., for the distribution of Compumedics' new SomniLink® SPAP® products in Italy and, potentially, wider territories.

The SomniLink® SPAP® is an integrated positive airway-pressure system for the treatment of sleep apnoea. The system is a major advance over the traditional CPAP (Continuous Positive Airway Pressure) systems by providing automatically variable air pressure to a patient through a nose mask. The system is unique as it responds to both very subtle changes in the upper airway resistance, and also very subtle changes in delivered airway pressure. This response varies according to the detected change in the airway pressure. Accordingly, the systems can be customised for individual treatment, taking into account online feedback of sleep parameters to minimise arousals during sleep treatment. Arousals can make the difference between effective sleep and disturbed sleep consequences.

Compumedics is a global leader in the \$250 million sleep-disorder diagnostics technologies market. This move takes the company into the \$2.1 billion global sleep-treatment market.

According to Compumedics Limited's CEO, Mr David Burton,

"The development of advanced products for treating sleep apnoea, is a natural step-out from our traditional diagnostics business and leverages the company's knowledge and experience in the field to develop advanced, next-generation solutions for the management and treatment of an increasing prevalent problem," he said.

"This is a major milestone for Compumedics, as the development of new and innovative products in the sleep-treatment market have been a part of our long-term vision for the company. While some experts view sleep treatment primarily as addressing deficient respiratory function, our development of the SomniLink® SPAP® is based on the premise that both quality-of-life and sleep-quality are integral to the optimal treatment for sleep-disordered breathing conditions, including sleep apnoea. The SomniLink® SPAP® modifies treatment on the basis of the convergence of optimal sleep-quality and respiratory treatment. In other-words, the design of the new SomniLink® SPAP® system is directed to treat sleep disorders, while maximising sleep-quality and user compliance. Hence, we see the importance of the sleep field becoming even more relevant with the course of time and the evolution of sleep medicine."

"The development of new products, including the SomniLink® SPAP® system reflects Compumedics' continued commitment to investment in unique research and development. We are pleased to be able to announce the achievement of this strategic milestone of introducing a product for the advanced treatment of obstructive sleep apnoea and associated sleepiness," Mr Burton said.

In commenting on the relationship with Medigas Italia, Mr Burton said,

"The current global sleep-treatment market is a multi-billion dollar, high-growth sector. The relationship with Medigas Italia to prepare the SomniLink® SPAP® for distribution and introduce it into European markets represents another step in the execution of Compumedics' strategic plan to complement its core sleep-diagnostics business with sleep-treatment systems. We are particularly pleased to work with Medigas Italia and Praxair, Inc. to move into the sleep-treatment market."

The SomniLink® SPAP® system is in pre-production and Medigas Italia will assist Compumedics through the regulatory phase and with pre-marketing activities in Italy and eastern European countries. Medigas Italia has placed a forward order for at least 1000 SomniLink® SPAP® units in the first year of a three-year agreement which will result in minimum sales of 2100 units over that period. The agreement should realise revenue of over \$2 million for Compumedics.

Medigas Italia representatives have said, in moving forward, with Compumedics on this initiative:

- "Compumedics is showing a very interesting evolution as a company with their development of the SPAP® sleep-treatment product.
- Their new SPAP® technology is quite unique and break-through for sleep treatment.
- The SPAP® has quite important innovations and concepts not available in the products of all other manufacturers of sleep-treatment products.
- Medigas Italia will soon be identifying reference sites in Europe to test the first 100 SomniLink® SPAP® systems. We expect to be distributing large numbers of the systems in Europe within the next year and beyond."

David Burton

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About Compumedics

Compumedics Limited, founded in 1987, is a global leader in the design and manufacture of diagnostic technologies for sleep disorders, neurophysiology and cardiology. In 1987 Compumedics established Asia Pacific's first fully computerised sleep laboratory. Compumedics holds 80% share of the Australian sleep-diagnostic market, and has a major and rapidly growing presence in the US, European and Asian marketplaces for its sleep, neurological, and Doppler blood-flow diagnostic monitoring devices.

In 1995 the company was selected to supply equipment to the US Sleep Heart Health Study, the world's largest sleep study of its kind, currently exceeding 14,000 studies with 20,000 patients scheduled by 2008.

The company has corporate headquarters in Melbourne, Australia and offices in the United States, Asia and Europe. In 1998 Compumedics was awarded the overall Australian Exporter of the Year. In 2000 Compumedics was listed on the Australian Stock Exchange. In 2002, Compumedics acquired US-based Neuroscan - the world's leading supplier of instruments for brain-research. In the US - the world's largest medical device market - Neuroscan hold around 90% of the market for brain-research products. This acquisition has enabled Compumedics to take advantage of the synergies between research and clinical-based Neuro Diagnostic technologies, re-affirming our commitment as a world-class developer of both sleep and neuro-diagnostic systems. In 2003 Compumedics was awarded the Frost & Sullivan Award for Market Expansion Strategy. In 2004, Compumedics acquired German-based DWL Elektronische GmbH, enabling Compumedics to expand its global operations into the neurovascular and cardio-vascular diagnostic fields. In 2006, Compumedics was awarded the Frost and Sullivan Technology Leadership award for the innovative Somté recorder product. In, 2007, Compumedics and Chairman were inducted into the Victorian Manufacturing Hall of Fame for their pursuit of excellence in manufacturing.

Compumedics has grown to become a global medical diagnostic company with world leadership in three of the most exciting high-growth sectors and some 12,000 systems installed. Compumedics businesses now include their core and pioneering sleep-diagnostics (Sleep Division), Neuro-diagnostics (Neuroscan and Neuroscience Divisions), and non-invasive blood-flow diagnostics (DWL Division). All of these fields were pioneered or discovered in the 1980s, validated in the 1990s and are only now undergoing rapid commercialisation into the rapidly expanding \$1 billion plus global market.

The company has increased its sales more than 4 fold from \$9 million (1999) to \$38 million (2006), reflecting its continued commitment to an effective sales and R&D organisation.

www.compumedics.com

About Medigas Italia

Medigas Italia is a member of the Home Healthcare division of Praxair, Inc., which is a Fortune 300 company listed on the New York Stock Exchange (NYSE: PX). The 27,000 employees of Praxair Inc. generated revenue of US\$8.6 billion from over 30 countries in 2006 (see www.praxair.com). Subsequent to a 1980s acquisition of two Italian industrial gas companies, Medigas Italia S.r.l., an Italian subsidiary offering the Medigas product line, became one of a group of Medigas companies within the Praxair group. Medigas Italia was founded in 1996 to become the first focused Italian homecare provider, offering a wide range of high quality products using modern technologies, including CPAP (Continuous Positive Airway Pressure) technologies for the treatment of sleep apnoea. Medigas Italia operates throughout Italy and has linkages into eastern European countries.

About SomniLink® SPAP®

The SomniLink® SPAP® is designed for use in the clinic or home for the treatment of obstructive sleep apnoea (OSA) in adults, including fully integrated humidification and detailed data storage for improved patient management.

The SomniLink® SPAP® algorithm works to protect the patient's airways in several ways including by responding to apnoeas, hypopnoeas, snoring and air-flow limitations due to increased upper airway resistance. It also differentiates between open and closed airways during episodes of reduced airflow and reacts accordingly.

The SomniLink® SPAP® algorithm is unique in two ways: it not only responds to very subtle changes in the upper airway patency, but also responds with very subtle changes in delivered pressure. This response varies according to the detected change in the airway— a more subtle change elicits a more subtle response.

The sophisticated technology offers the patient a customised therapy for every breath, every night, always delivering just the right amount of therapy - no more, no less, no matter how life changes

Comprehensive on-line SomniView™ PSG software includes fully automated sleep-staging and respiratory scoring, enabling the potential for improved titration clinical decisions, patient care and comfort. For the first time the clinician can track during laboratory testing therapeutic event-related arousals (TERA), respiratory event-related arousals (RERA) important respiratory indices (such as AHI, and RDI), while the patient's sleep is being monitored breath-by-breath during real-time sleep-staging and respiratory event scoring, to enable optimal personalised treatment of sleep quality as well as sleep disordered breathing treatment. This unique analysis produces an individual patient profile that will automatically form the initiating phase of the SPAP®'s therapeutic delivery protocol, ensuring that the treatment is individualised based on the patient's physiological make-up.

The SomniLink® SPAP® and SomniView™ software coupled with comprehensive SPAP® interface options provide an unequalled, new and unique (patents granted and pending) "sleep-quality" and respiratory focus to sleep-disorder treatment.